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State Water Resources Control Board  
P.O. Box 100  
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August 22, 2017

**Subject:       Comments on Program Development to Provide Affordable Safe Drinking Water to Low-Income Californians**

Dear Chair Marcus and members of the Board,

The Hi-Desert Water District (HDWD) appreciates the State Water Resources Control Board's (SWRCB) taking the initiative to provide Californians with affordable, safe drinking water. Serving a community with disadvantaged and severely disadvantaged residents, HDWD receives countless requests for financial assistance. Our customers seek relief from the financial costs they must pay to ensure that a safe and reliable water supply remains available to the community of Yucca Valley, California.

HDWD has approximately 10,000 service connections and delivers water to over 20,000 residents. The average water bill for a residential property is approximately \$59.00 per month. In addition to these monthly water charges, HDWD is currently in the process of constructing a \$150 million Wastewater Treatment and Reclamation Project. To pay for a portion of this project, HDWD has assessed single-family residences approximately \$706.50 a year for 30 years. In addition to this assessment, an operations and maintenance fee of approximately \$500.00 a year, along with a private connection cost of approximately \$100.00 a year will be charged. This brings the monthly cost for securing local water resources to an estimated monthly total of \$168.00 a month for a residential customer.

The current structure that has been proposed for the Low-Income Water Rate Assistance (LIRA) program would assist our customers in need of financial assistance but at the same time, it will also impose an additional cost for HDWD customers to absorb. From attending workshops hosted by SWRCB staff, it is our understanding that the framework of the program includes a proposed surcharge in an amount of up to \$8.00 a month. Within the surcharge is a 5% administrative fee for the State to administer the program, and the cost to execute any of the four scenarios proposed during the workshops. Although these proposals attempt to provide a solution to ease some of the financial burdens placed on some of our low-income customers, this increase would create additional burden on water districts, customers and the State.

HDWD asks that as the SWRCB consider the following recommendations as it continues to work towards implementing a program that is viable for all stakeholders to achieve affordable water in California:

**Exhausting All Financial Resources to Fund a Low-Income Assistance Program**

At one of the workshops, it was mentioned that taxing bottled water had been considered as a funding source for the LIRA program. California-based bottling companies should have a stake in

assisting the State in achieving its goal of providing affordable, reliable water to all residents. In the State of Washington, each bottle of water sold through vending machines is taxed to fund environmental programs. A tax on bottled water could be used to fund the LIRA program without directly penalizing water customers in California.

**Modify Proposition 218 to Provide Districts with the Flexibility to Provide Financial Assistance**

HDWD does not have a financial assistance program in place to assist its disadvantaged customers. HDWD has explored funding options but has been unsuccessful in its quest. Proposition 218 does not allow for Districts to implement a financial assistance charge in rates or fees to provide funding for these types of programs. Amending Proposition 218 to permit financial assistance options would give Districts the flexibility to fund and facilitate their own program.

**Costs to Districts Are Not Covered in the LIRA Program**

The current program being proposed includes a 5% administrative fee that will cover costs incurred by the State for administering these programs. There is no fee set aside to cover HDWD's cost for any additional work performed for the program at a local level. To ensure the program is successful, coordination between State staff and HDWD staff will be required when exchanging billing information, and providing customers with guidance through the application process. These costs under the proposed structure would need to be funded through customers rates and fees, which may be a violation of Proposition of 218. If the Board decides to move forward with the program, a portion of the 5% administrative fee should be allocated to cover costs the District incurs implementing the program.

**Financially Penalizing Nonparticipating Low-Income Customers**

As indicated in the LIRA Program, a flat surcharge will be placed on water bills issued in California. The only way for low-income customers to avoid a surcharge is to apply for the program and be deemed eligible to receive assistance. If customers forfeit the opportunity to apply for this program, they will see a 14% cost increase to their water bills. This will result in additional delinquent payments to HDWD, which will further increase customers costs because they must with the bear any additional fees associated with non-payment. We urge the SWRCB to carefully look at this aspect of the program to ensure that this burden is not placed on those who cannot afford the increase.

Thank you for allowing HDWD to provide comments on this matter. We hope to continue with the opportunity to work with SWRCB to develop a comprehensive program that is a viable solution to achieving affordable safe drinking water for all Californians. Please feel free to contact me if you have additional questions regarding the comments that have been submitted on behalf of HDWD.

Sincerely,



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